**POTENTIAL INVESTORS IN THE NOTES SHOULD BE AWARE THAT IT IS CONTEMPLATED THAT THE BASE PROSPECTUS IN RESPECT OF THE NOTES WILL BE UPDATED DURING THE OFFER PERIOD OF THE NOTES. THE UPDATED VERSION OF THE BASE PROSPECTUS WILL BE PUBLISHED ON THE WEBSITE WWW.MORGANSTANLEYIQ.EU**

**Final Terms dated 1 June 2016**

**MORGAN STANLEY B.V.**

Issue of up to EUR 150,000,000 Equity Linked Notes due 2024

Guaranteed by Morgan Stanley

under the Regulation S Program for the Issuance of Notes, Series A and Series B, Warrants and Certificates

## PART A – CONTRACTUAL TERMS

This document constitutes Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes set forth in the Base Prospectus dated 15 December 2015, the supplements dated 12 April 2016 and 27 May 2016 to the Base Prospectus which together constitute a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus as so supplemented. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. However, a summary of the Issue is annexed to these Final Terms. Copies of the Base Prospectus and any supplements thereto are available from the offices of Morgan Stanley & Co. International plc at 25 Cabot Square, Canary Wharf, London, E14 4QA and on the Issuers' website at www.morganstanleyiq.eu and copies of the Base Prospectus, any supplements thereto and these Final Terms are available on the website of the Luxembourg Stock Exchange at www.bourse.lu.

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|---|---|---|---|
| 1. | (i) | Series Number: | EU354 |
| | (ii) | Series designation: | Series A |
| | (iii) | Tranche Number: | 1 |
| 2. | Specified Currency or Currencies: | | Euro ("**EUR**") |
| 3. | Aggregate Nominal Amount of the Notes: | | Up to EUR 150,000,000 |
| | (i) | Series: | Up to EUR 150,000,000 |
| | (ii) | Tranche: | Up to EUR 150,000,000 |
| 4. | Issue Price | | 100 per cent. of par per Note |
| 5. | (i) | Specified Denominations (Par): | EUR 1,000 |
| | (ii) | Calculation Amount: | EUR 1,000 |
| 6. | (i) | Issue Date: | 30 June 2016 |

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| | (ii) | Trade Date: | 27 June 2016 |
| | (iii) | Interest Commencement Date | Not Applicable |
| | (iv) | Strike Date: | 30 June 2016 |
| | (v) | Determination Date: | Not Applicable |
| 7. | Maturity Date: | | Scheduled Maturity Date is 28 June 2024 |
| 8. | Specified Day(s): | | Applicable<br>5 Business Days |
| 9. | Interest Basis: | | 2.50 per cent. Fixed Rate<br>Equity-Linked Interest<br>(further particulars specified below) |
| 10. | Redemption/Payment Basis: | | Redemption at Par |
| 11. | Put/Call Options: | | |
| | (i) | Redemption at the option of the Issuer:<br>(General Condition 15.5) | Not Applicable |
| | (ii) | Redemption at the option of the Noteholders:<br>(General Condition 15.7) | Not Applicable |
| 12. | Method of distribution: | | Non-syndicated |

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

| | | |
|---|---|---|
| 13. | **Linked Interest Provisions: Relevant Underlying**<br>(General Conditions 6.8 and 8) | Applicable |
| (A) | **Equity-Linked Interest Notes: Single Share-Linked Interest Notes, Share Basket-Linked Interest Notes:**<br>(General Condition 9) | Not Applicable |
| (B) | **Equity-Linked Interest Notes: Single Index-Linked Interest Notes / Index Basket-Linked Interest Notes:**<br>(General Condition 9) | Applicable |

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| (i) | Types of Notes: | Single Index-Linked Interest Notes |
| (ii) | Index / Indices: | EuroSTOXX Select Dividend 30 Index , which is a Multi-exchange Index (Bloomberg Code SD3E <Index>) |
| (iii) | Exchange(s): | As specified in General Condition 9.9 (*Definitions applicable to Equity-Linked Notes*) |
| (v) | Determination Agent responsible for calculating Interest Amount: | Morgan Stanley & Co. International plc |
| (vi) | Determination Time: | As per General Condition 9.9 |
| (vii) | Additional Disruption Event(s):<br><br>(General Condition 9.6) | Change in Law ,Hedging Disruption, and Increased Cost of Hedging shall apply |
| (viii) | Correction Cut Off Time:<br><br>(General Condition 9.2(c) | within one Settlement Cycle after the original publication and prior to the relevant Interest Payment Date |
| (iv) | Weighting for each Index comprised in the Basket: | Not Applicable |

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| (C) | **Equity-Linked Interest Notes: Single ETF-Linked Notes, ETF Basket Linked Interest Notes:**<br><br>(General Condition 9) | Not Applicable |
| (D) | **Commodity- Linked Interest Notes**<br><br>(General Condition 10) | Not Applicable |
| (E) | **Currency Linked Interest Notes**<br><br>(General Condition 11) | Not Applicable |
| (F) | **Inflation-Linked Interest Notes**<br><br>(General Condition 12) | Not Applicable |
| (G) | **Fund-Linked Interest Notes**<br><br>(General Condition 13) | Not Applicable |
| 14. | **Linked Interest Provisions: Interest Terms**<br><br>(General Condition 6.8 and Section 5 of the Additional Conditions) | Applicable |
| (A) | **Linked Notes (No Coupon):** | Not Applicable |

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| | (Paragraph 1.1 of Section 5 of the Additional Conditions) | | |
| (B) | **Linked Notes (Regular Coupon):** | | Fixed Rate Note provisions apply. |
| | (Paragraph 1.2 of Section 5 of the Additional Conditions) | | |
| | (i) | Coupon Rate: | 2.50 per cent. |
| | (ii) | Rate(s) of Interest: | Not Applicable |
| | (iii) | Interest Period(s): | Not Applicable |
| | (iv) | Interest Payment Date(s): | 30 June 2017, adjusted in accordance with the Business Day Convention specified below |
| | (v) | Business Day Convention: | Following Business Day Convention |
| | (vi) | Broken Amount(s): | Not Applicable |
| | (vii) | Day Count Fraction:<br>(General Condition 5.7) | Not Applicable |
| | (viii) | Inflation Adjustment: | Not Applicable |
| (C) | **Linked Notes (Barrier Conditional Coupon):** | | Applicable |
| | (Paragraph 1.3 of Section 5 of the Additional Conditions) | | |
| | (i) | Memory Barrier Conditional Coupon: | Not Applicable |
| | (ii) | Interest Amount is payable if the Knock-in Value as of: | the relevant Interest Determination Date is greater than or equal to the relevant Coupon Barrier Value |
| | (iii) | Knock-in Value: | is the Relevant Underlying Value |
| | (iv) | Coupon Rate: | 2.00 per cent. |
| | (v) | Coupon Barrier Value: | 100 per cent. of Initial Reference Value |
| | (vi) | Interest Determination Date(s): | 22 June 2018, 21 June 2019, 23 June 2020, 23 June 2021, 23 June 2022, 23 June 2023 and 21 June 2024 |
| | (vii) | Barrier Observation Date(s): | Not Applicable |
| | (viii) | Barrier Observation Period: | Not Applicable |
| | (ix) | Interest Payment Date(s): | Scheduled Interest Payment Dates are 29 June 2018, 28 June 2019, 30 June 2020, 30 June 2021, 30 June 2022, |

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| | | | 30 June 2023 and 28 June 2024. |
| | (x) | Interest Specified Day(s): | Not Applicable |
| | (xi) | Business Day Convention: | Following Business Day Convention |
| | (xii) | Initial Reference Value: | Determined in accordance with the Value Determination Terms specified below |
| | (xiii) | **Value Determination Terms** for Initial Reference Value:<br><br>(Section 7 of the Additional Conditions) | Closing Value |
| | (xiv) | **Value Determination Terms** for Final Reference Value (Coupon):<br><br>(Section 7 of the Additional Conditions) | Not Applicable |
| | (xv) | **Value Determination Terms** for Relevant Underlying Value:<br><br>(Section 7 of the Additional Conditions) | Closing Value |
| (D) | **Linked Notes (Dual Barrier Conditional Coupon)**<br><br>(Paragraph 1.4 of Section 5 of the Additional Conditions) | | Not Applicable |
| (E) | **Linked Notes (Range Barrier Conditional Coupon)**<br><br>(Paragraph 1.5 of Section 5 of the Additional Conditions) | | Not Applicable |
| (F) | **Linked Notes (Range Accrual Coupon)**<br><br>(Paragraph 1.6 of Section 5 of the Additional Conditions) | | Not Applicable |
| (G) | **Linked Notes (Performance Linked Coupon):**<br><br>(Paragraph 1.7 of Section 5 of the Additional Conditions) | | Not Applicable |
| (H) | **Linked Notes (Participation and Performance Linked Coupon):**<br><br>(Paragraph 1.8 of Section 5 of the | | Not Applicable |

Additional Conditions)

**PROVISIONS RELATING TO REDEMPTION**

| | | |
|---|---|---|
| 15. | **Call Option**<br><br>(General Condition 15.5) | Not Applicable |
| 16. | **Put Option**<br><br>(General Condition 15.7) | Not Applicable |
| 17. | **Final Redemption Amount of each Note**<br><br>(General Condition 15.1) | 100 per Calculation Amount |
| 18. | **Linked Redemption Provisions: Relevant Underlying**<br><br>(General Conditions 9 and 15) | |
| (A) | **Equity-Linked Redemption Notes: Single Share-Linked Redemption Notes/ Share Basket-Linked Redemption Notes:**<br><br>(General Condition 9) | Not Applicable |
| (B) | **Equity-Linked Redemption Notes: Single Index-Linked Redemption Notes/ Index Basket-Linked Redemption Notes:**<br><br>(General Condition 9) | Not Applicable |
| (C) | **Equity-Linked Redemption Notes: Single ETF-Linked Redemption Notes/ ETF Basket-Linked Redemption Notes:**<br><br>(General Condition 9) | Not Applicable |
| (D) | **Commodity-Linked Redemption Notes**<br><br>(General Condition 10) | Not Applicable |
| (E) | **Currency-Linked Redemption Notes**<br><br>(General Condition 11) | Not Applicable |
| (F) | **Inflation-Linked Redemption Provisions**<br><br>(General Condition 12) | Not Applicable |

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| (G) | **Fund-Linked Redemption Provisions**<br><br>(General Condition 14) | Not Applicable |
| 19. | **Linked Redemption Provisions: Final Redemption Amount**<br><br>(General Condition 15 and Section 5 of the Additional Conditions) | |
| (A) | **Linked Notes (Fixed Redemption):**<br><br>(Paragraph 2.1 of Section 5 of the Additional Conditions) | Not Applicable |
| (C) | **Linked Notes (Barrier Redemption):**<br><br>(Paragraph 2.3 of Section 5 of the Additional Conditions) | Not Applicable |
| (D) | **Linked Notes (Barrier and Participation Redemption):**<br><br>(Paragraph 2.4 of Section 5 of the Additional Conditions) | Not Applicable |
| (E) | **Linked Notes (Dual Barrier Redemption):**<br><br>(Paragraph 2.5 of Section 5 of the Additional Conditions) | Not Applicable |
| (F) | **Linked Notes (Dual Barrier Redemption - Twin Win)**<br><br>(Paragraph 2.6 of Section 5 of the Additional Conditions) | Not Applicable |
| (G) | **Linked Notes (Synthetic Zero Redemption):**<br><br>(Paragraph 2.7 of Section 5 of the Additional Conditions) | Not Applicable |
| (H) | **Linked Notes (Lock In Ladder Redemption):**<br><br>(Paragraph 2.8 of Section 5 of the Additional Conditions) | Not Applicable |
| (I) | **Linked Notes (Lock In Ladder Barrier Redemption):**<br><br>(Paragraph 2.9 of Section 5 of the Additional Conditions) | Not Applicable |
| (J) | **Linked Notes (Ranked Underlying Redemption):**<br><br>(Paragraph 2.10 of Section 5 of | Not Applicable |

the Additional Conditions)

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| (K) | **Linked Notes (Multiple Barrier Redemption):**<br><br>(Paragraph 2.11 of Section 5 of the Additional Conditions) | Not Applicable |
| (L) | **Linked Notes (Inflation Linked Redemption)**:<br><br>(Paragraph 2.12 of Section 5 of the Additional Conditions) | Not Applicable |
| 20. | **Linked Redemption Provisions: Value Determination Terms**<br><br>(Section 7 of the Additional Conditions) | |
| (A) | **Value Determination Terms** for Initial Reference Value | Not Applicable |
| (B) | **Value Determination Terms** for Final Reference Value as of the Determination Date: | Not Applicable |
| (C) | **Value Determination Terms** for Relevant Underlying Value:<br><br>(Section 7 of the Additional Conditions) | Not Applicable |
| 21. | (I) **Linked Redemption Provisions: Performance Determination Terms for Final Redemption Amount**<br><br>(for determining Relevant Underlying Performance where used for determining the Final Redemption Amount)<br><br>(Section 8 of the Additional Conditions) | |
| (A) | **Performance Determination Terms for Notes linked to a Single Underlying:**<br><br>(for purposes of determining Final Redemption Amount in accordance with all provisions except Paragraph 2.6(b) of Section 5 of the Additional Conditions) | Not Applicable |
| | (ix) **Value Determination Terms** for Final | Not Applicable |

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| | | Reference Value:<br><br>(Section 7 of the Additional Conditions) | |
| | (x) | **Value Determination Terms** for PIDD Reference Value as of each Interest Determination Date: | Not Applicable |
| | (Section 7 of the Additional Conditions) | | |
| (B) | **Performance Determination Terms for Relevant Underlying Performance (Put) for Notes linked to a Single Underlying:**<br><br>(for purposes of determining Final Redemption Amount in accordance with Paragraph 2.6(b) of Section 5 of the Additional Conditions) | | Not Applicable |
| | (vii) | **Value Determination Terms** for Initial Reference Value: | Not Applicable |
| | (Section 7 of the Additional Conditions) | | |
| | (viii) | **Value Determination Terms** for Final Reference Value: | Not Applicable |
| | (Section 7 of the Additional Conditions) | | |
| (C) | **Performance Determination Terms for Notes linked to a Relevant Underlying which is a Basket:**<br><br>(for determining "Relevant Underlying Performance")<br><br>(Section 8 of the Additional Conditions) | | Not Applicable |
| | (x) | **Value Determination Terms** for Initial Reference Value:<br><br>(Section 7 of the Additional Conditions) | Not Applicable |
| | (xi) | **Value Determination Terms** for Final Reference Value:<br><br>(Section 7 of the Additional Conditions) | Not Applicable |

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| | (xii) | **Value Determination Terms for PIDD Reference Value as of each Interest Determination Date:**<br><br>(Section 7 of the Additional Conditions) | Not Applicable |
| | (II) | | |
| | **Linked Redemption Provisions: Performance Determination Terms for Knock-in Value**<br><br>(for determining Relevant Underlying Performance, where used for determining the Knock-in Value)<br><br>(Section 8 of the Additional Conditions) | | |
| (A) | **Performance Determination Terms for Notes linked to a Single Underlying:**<br><br>(for determining "Relevant Underlying Performance") | | Not Applicable |
| | (viii) | **Value Determination Terms** for Initial Reference Value:<br><br>(Section 2 of the Additional Conditions) | Not Applicable |
| | (ix) | **Value Determination Terms** for Final Reference Value:<br><br>(Section 2 of the Additional Conditions) | Not Applicable |
| | (x) | **Value Determination Terms** for PIDD Reference Value as of each Interest Determination Date:<br><br>(Section 2 of the Additional Conditions) | Not Applicable |
| | (x) | **Value Determination Terms** for Initial Reference Value:<br><br>(Section 2 of the Additional Conditions) | Not Applicable |
| | (xi) | **Value Determination Terms** for Final Reference Value: | Not Applicable |

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| | | (Section 2 of the Additional Conditions) | |
| | (xii) | **Value Determination Terms for PIDD Reference Value as of each Interest Determination Date:**<br>(Section 2 of the Additional Conditions) | Not Applicable |
| 22. | (i) | **Early Redemption Amount upon Event of Default** (General Condition 20): | Qualified Financial Institution Determination. The Determination Agent will determine the amount a Qualified Financial Institution would charge to assume all of the Issuer's payment and other obligations with respect to such Notes as if no such Event of Default had occurred or to undertake obligations that would have the effect of preserving the economic equivalent of any payment by the Issuer to the Noteholder with respect to the Notes |
| | (ii) | **Early Redemption Amount (Tax) upon any withholding or deduction being required with respect to the Notes, as described in Condition 19 (Taxation).** | Early Redemption Amount (Tax) – Fair Value |
| 23. | | **Inconvertibility Event Provisions:**<br>(General Condition 32) | Not Applicable |
| 24. | | **Automatic Early Redemption Event:** | Not Applicable |

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

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| 25. | Form of Notes: | | Registered Notes: |
| | (General Condition 3) | | Global Note Certificate registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg, exchangeable for Individual Note Certificates in the limited circumstances described in the Global Note Certificate. |
| 26. | Additional Business Centre(s) or other special provisions relating to Payment Dates: | | Not Applicable |
| 27. | Record Date: | | As set out in the General Conditions |
| 28. | Redenomination, renominalisation and reconventioning provisions: | | Not Applicable |
| 29. | **Taxation:** | | |
| | (i) | General Condition 19.1: | "Additional Amounts" is Applicable |

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| | (ii) | General Condition 19.3: | Implementation of Financial Transaction Tax Event is Applicable |
| | (iii) Potential Section 871(m) transaction 13.6: | | Not Applicable |
| 30. | **CNY Centre:** | | Not Applicable |

**DISTRIBUTION**

| | | | |
|---|---|---|---|
| 31. | (i) | If syndicated, names and addresses[1] of Managers and underwriting commitments | Not Applicable |
| | (ii) | [Date of [Subscription] Agreement: | Not Applicable |
| | (iii) | Stabilising Manager(s) (if any): | Not Applicable |
| 32. | If non-syndicated, name and address of Dealer: | | Morgan Stanley & Co. International plc<br>25 Cabot Square<br>London E14 4QA |
| 33. | Non-exempt Offer and Offer Period: | | An offer of the Notes may be made by UniCredit S.p.A other than pursuant to Article 3(2) of the Prospectus Directive in Italy ("**Public Offer Jurisdictions**") during the period from, and including, and 1 June 2016, to, and including, 27 June 2016, the period from, and including, 1 June 2016 to, and including 20 June 2016 for the Notes that will be offered by means of "door-to-door selling" and the period from, and including, 1 June 2016 to, and including 13 June 2016 for the Notes that will be offered by means of "online selling" ("**Offer Period**"), subject to the following conditions: pursuant to Article 30, paragraph 6, of the Italian Financial Services Act ("TUF"), in relation to Notes placed in Italy "door-to-door", investors have the right to withdraw from the subscription during seven days from the date of the subscription without any charge or fee, by means of notification to the Distributor; and, pursuant to art. 67-duodecies of the d.lgs 6 September 2005 n. 206 (the "Italian Consumer Code") in relation to Notes placed in Italy via "online selling", investors have the right to withdraw from the subscription during fourteen days from the date of the subscription without any charge or fee, by means of notification to the Distributor.<br>See further paragraph 7 of Part B below. |
| 34. | Total commission and concession: | | In connection with the offer and sale of the Notes, Morgan Stanley & Co. International plc will pay UniCredit S.p.A. a distribution fee amount equal to 2.25% of the Aggregate Nominal Amount. |

Signed on behalf of the Issuer:

By:

Duly authorised

## PART B – OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

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| Listing and admission to Trading: | Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Irish Stock Exchange's Regulated Market and to be listed on the official list of the Irish Stock Exchange with effect from on or around the Issue Date. No assurances can be given that such application for listing and/or admission to trading will be granted (or, if granted, will be granted by the Issue Date). The Issuer has no duty to maintain the listing (if any) of the Notes on the relevant stock exchange(s) over their entire lifetime.<br>UniCredit Bank AG Milan Branch (the "Manager of the Placement Network"), will make an application, within 90 business days from the end of the Offer Period, for the notes to be admitted to trading on EuroTLX®, a Multilateral Trading Facility (MTF) managed by EuroTLX SIM S.p.A., which is not a regulated market for the purposes of Directive 2004/39/EC on Markets in Financial Instruments, but no assurances can be given that admission to trading will be granted (or, if granted, will be granted by the Issue Date). |
| Estimate of total expenses related to admission to trading: | EUR 600 |

2. **RATINGS**

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| Ratings: | The Notes will not be rated. |

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

UniCredit Bank AG, Milan Branch (the Manager of the Placement Network), UniCredit Bank AG, Munich and UniCredit S.p.A (the Distributor) are, with respect to the placement of the Securities, in a position of conflict of interest with the investors as they fall within the same banking group (the UniCredit Banking Group) and in the light of their interests relating to the distribution of the Securities (where applicable).

The Dealer will pay a distribution fee to the Distributor in connection with the offer of 2.25 per cent. of the Issue Price upfront. UniCredit Bank AG, Milan Branch acts as structurer and UniCredit Bank AG, Munich acts as counterparty of the hedging arrangements entered into by the Issuer and/or its affiliates. The Manager of the Placement Network will retain a structuring fee of 0.85 per cent. of the Issue Price and charges relating to the management of the market risk for the preservation of the offer conditions equal to 0.65 per cent. of the Issue Price. With respect to the provision of liquidity of the Securities on the EuroTLX, it should be noted that the EuroTLX is managed and organised by EuroTLX SIM S.p.A., a company in which UniCredit S.p.A., the holding company of UniCredit Banking Group, owns a stake and which is also its related party (*parte correlata*). It should also be noted that the Manager of the Placement Network acts as a market maker on the EuroTLX.

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

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| (i) | Reasons for the offer: | The net proceeds from the sale of Notes will be used by the Issuer for general corporate purposes, in connection with hedging the Issuer's obligations under the Notes, or both. |
| (ii) | Estimated net proceeds: | Up to EUR 150,000,000 the Issuer shall confirm the final Nominal Amount to be issued upon the closing of the Offer Period. |
| (iii) | Estimated total expenses: | Not Applicable |

5. **PERFORMANCE OF UNDERLYING/ EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING**

Past and future performance including the volatility of the Underlying Index can be obtained from www.stoxx.com.

*The value of the Notes is linked to the positive or negative performance of the Underlying Index. An increase in the level of the Underlying Index will have a positive effect on the value of the Notes, and a decrease in the level of the Underlying Index will have a negative effect on the value of the Notes.*

*The interest amounts payable on the Notes are dependent on the value or performance of the Relevant Underlying reaching a threshold or barrier and a small increase or decrease in the value or performance of the Relevant Underlying near to the threshold or barrier may lead to a significant increase or decrease in the return of the Notes and Noteholders may receive no interest at all.*

*The interest amounts payable on the Notes /are linked to the value or performance of the Relevant Underlying as of one or more predefined dates and, irrespective of the level of the Relevant Underlying between these dates, the values or performance of the Relevant Underlying on these dates will affect the value of the Notes more than any other factor.*

*The market price or value of the Notes at any time is expected to be affected by changes in the value of the Relevant Underlying to which the Notes are linked.*

The Issuer does not intend to provide post-issuance information.

6. **OPERATIONAL INFORMATION**

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|---|---|
| ISIN Code: | XS1374816004 |
| Common Code: | 137481600 |
| Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking *société anonyme* and the relevant identification number(s): | Not Applicable |
| Delivery: | Delivery free of payment |
| Names and addresses of initial Paying Agent(s): | Not Applicable |
| Names and addresses of additional Paying Agent(s) (if | Not Applicable |

|  |  |
|---|---|
| any): |  |
| Intended to be held in a manner which would allow Eurosystem eligibility: | No |

7. **TERMS AND CONDITIONS OF THE OFFER**

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| Offer Price: | Issue Price |
| Conditions to which the offer is subject: | Not Applicable |
| Description of the application process: | A prospective investor should contact the Distributor (as defined below) during the Offer Period. The Distributor has the right to close the Subscription Period early. A prospective investor will acquire the Notes in accordance with the arrangements existing between the Distributor and its customers relating to the subscription of securities generally and not directly with the Issuer or the Dealer.<br><br>Pursuant to Article 30, paragraph 6, of TUF, in relation to Notes placed in Italy "door-to-door", investors have the right to withdraw from the subscription during seven days from the date of the subscription without any charge or fee, by means of notification to the Distributor. Pursuant to art. 67-duodecies of the Italian Consumer Code in relation to Notes placed in Italy via "online selling", investors have the right to withdraw from the subscription during fourteen days from the date of the subscription without any charge or fee, by means of notification to the Distributor.<br><br>If an investor in any jurisdiction other than Italy wishes to purchase Notes, such investor should (a) be aware that sales in the relevant jurisdiction may not be permitted; and (b) contact its financial adviser, bank or financial intermediary for more information. |
| Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: | Not Applicable |
| Details of the minimum and/or maximum amount of application: | Not Applicable |
| Details of the method and time limited for paying up and delivering the Notes: | The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription moneys |
| Manner in and date on which results of the offer are to be made public: | Not Applicable |
| Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | Not Applicable |

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| Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: | Not Applicable |
| Amount of any expenses and taxes specifically charged to the subscriber or purchaser: | The Manager of the Placement Network will earn (i) a structuring commission equal to 0.85% of the Issue Price and (ii) further charges equal to 0.65% of the Issue Price for the managing market risk associated with the preservation of the offer conditions. Both such fees are embedded in the Issue Price of the Notes. In addition the Distributor will receive the placement fee, details of which are set out in paragraph 3 of Part B above entitled "Interests of natural and legal persons involved in the issue/offer". The placement fee is also embedded in the Issue Price of the Notes. |
| Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place. | Dealer: Morgan Stanley & Co. International plc, 25 Cabot Square, London E14 4QA. Morgan Stanley & Co. International plc is also the intermediary responsible for the placement of the Securities ("Responsabile del Collocamento"), as defined in article 93-bis of the Italian Legislative Decree 24 February 1998, n. 58 (as subsequently amended and supplemented).<br><br>Distributor: UniCredit S.p.A., via Alessandro Specchi, 16, 00186, Rome, Italy (the "**Distributor**") will be the sole placer of the Notes to the Dealer.<br><br>Manager of the Placement Network: UniCredit Bank AG Milan Branch, of Piazza Gae Aulenti, 20154 Milan, Italy will act as "Direttore del Consorzio di Collocamento **Manager of the Placement Network**".<br><br>Paying Agent: The Bank of New York Mellon, One Canada Square, London E14 5AL<br><br>Determination Agent: Morgan Stanley & Co. International plc. |

8. **PLACING AND UNDERWRITING**

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| Name and address of the co-ordinator(s) of the global offer and of single parts of the offer and, to the extend known to the issuer or to the offeror, of the placers in the various countries where the offer takes place: | Not Applicable |
| Name and address of any paying agents and depository agents in each country: | Not Applicable |
| Entities agreeing to underwrite the issue on a firm commitment basis, and entities agreeing to place the issue without a firm | Not Applicable |

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| | commitment or under "best efforts" agreements. Where not all of the issue is underwritten, a statement of the portion not covered: | |

9. **OTHER MARKETS**

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| | All the regulated markets or equivalent markets on which, to the knowledge of the issuer, securities of the same class of securities to be offered or admitted to trading are already admitted to trading: | None |

## SUMMARY

*Summaries are made up of disclosure requirements known as "**Elements**". These elements are numbered in Sections A – E (A.1 – E.7).*

*This Summary contains all the Elements required to be included in a Summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.*

*Even though an Element may be required to be inserted in the Summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the Summary with the mention of "Not Applicable".*

| | | Section A – Introduction and warnings |
|---|---|---|
| A.1 | **Introduction and warnings:** | This summary should be read as an introduction to the Base Prospectus. Any decision to invest in the Notes should be based on consideration of this Base Prospectus as a whole by the investor. Where a claim relating to the information contained in this Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this Base Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the Summary including any translation thereof, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus or it does not provide, when read together with the other parts of this Base Prospectus, key information in order to aid investors when considering whether to invest in such Notes. |
| A.2 | **Consent:** | The Issuer and the Guarantor consent to the use of the Base Prospectus in connection with an offer of Notes which is not made within an exemption to publish a prospectus under the Prospectus Directive (Directive 2003/71/EC, as amended) (a "**Non-exempt Offer**") during the Offer Period, being from and including 1 June 2016 to and including 27 June 2016, in Italy, by any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) (each such person an "**Authorised Offeror**"), subject to the following conditions.<br><br>An investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such investor including as to price, allocation, settlement arrangements and any expenses or taxes to be charged to the investor (the "**Terms and Conditions of the Non-exempt Offer**"). Neither the Issuer nor the Guarantor will be a party to any such arrangements with investors (other than UniCredit S.p.A. (the "**Distribution Agent**")) in connection with the offer or sale of the Notes and, accordingly, this Base Prospectus and the final terms of the Notes (the "**Final Terms**") will not contain such information.<br><br>**In the event of a Non-exempt Offer being made by an Authorised Offeror, the Terms and Conditions of the Non-exempt Offer shall be provided to Investors by that Authorised Offeror at the time the offer is made.** None of the Issuer, the Guarantor, the Distribution Agent or other Authorised Offerors has any responsibility or liability for such information. |
| | | Section B – Issuer and Guarantor |
| B.1 | **Legal name and commercial name of the Issuer:** | Morgan Stanley B.V. ("**MSBV**") |

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| B.2 | **Domicile and legal form of the Issuer, the legislation under which the Issuer operates and its country of incorporation:** | MSBV was incorporated as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the laws of The Netherlands. MSBV is registered at the commercial register of the Chamber of Commerce and Industries (*Kamer van Koophandel*) for Amsterdam. It has its corporate seat at Amsterdam, The Netherlands and is subject to the laws of The Netherlands. |
| B.4b | **Trends:** | The business of Morgan Stanley, the ultimate holding company of MSBV, in the past has been, and in the future may continue to be, materially affected by many factors, including: the effect of economic and political conditions and geopolitical events; sovereign risk; the effect of market conditions, particularly in the global equity, fixed income, currency, credit and commodities markets, including corporate and mortgage (commercial and residential) lending and commercial real estate markets and energy markets; the impact of current, pending and future legislation (including the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**")), regulation (including capital, leverage and liquidity requirements), policies (including fiscal and monetary) and legal and regulatory actions in the United States of America ("**U.S.**") and worldwide; the level and volatility of equity, fixed income, and commodity prices (including oil prices), interest rates, currency values and other market indices; the availability and cost of both credit and capital as well as the credit ratings assigned to Morgan Stanley's unsecured short-term and long-term debt; investor, consumer and business sentiment and confidence in the financial markets; the performance of and results of Morgan Stanley's acquisitions, divestitures, joint ventures, strategic alliances or other strategic arrangements; Morgan Stanley's reputation and the general perception of the financial services industry; inflation; natural disasters, pandemics and acts of war or terrorism; the actions and initiatives of current and potential competitors as well as governments, regulators and self-regulatory organizations; the effectiveness of Morgan Stanley's risk management policies; technological changes instituted by Morgan Stanley, its competitors or counterparties and technological risks, including cybersecurity, business continuity and related operational risks; Morgan Stanley's ability to provide innovative products and services and execute its strategic objectives; or a combination of these or other factors. In addition, legislative, legal and regulatory developments related to Morgan Stanley's businesses are likely to increase costs, thereby affecting results of operations. |
| B.5 | **The group and the Issuer's position within the group:** | MSBV has no subsidiaries. It is ultimately controlled by Morgan Stanley. |
| B.9 | **Profit forecast:** | Not Applicable. MSBV does not provide profit forecasts. |
| B.10 | **Audit report qualifications:** | Not Applicable. There are no qualifications in the auditor's reports on the financial statements of MSBV for the years ended 31 December 2014 and 31 December 2015. |

<table>
<tr>
<td>B.12</td>
<td>Selected historical key financial information:</td>
<td>
Selected key financial information relating to MSBV:

<table>
<tr><th>Statement of financial position (in EUR '000) 31 Dec 2014 31 Dec 2015</th><th>31 Dec 2014</th><th>31 Dec 2015</th></tr>
<tr><td>Total assets</td><td>8,081,802</td><td>8,770,208</td></tr>
<tr><td>Total liabilities and equity</td><td>8,081,802</td><td>8,770,208</td></tr>
</table>

<table>
<tr><th>Statement of comprehensive income (in EUR '000)</th><th>31 Dec 2014</th><th>31 Dec 2015</th></tr>
<tr><td>Net gains/ (losses) on financial instruments classified as held for trading</td><td>185,570</td><td>(478,444)</td></tr>
<tr><td>Net gains/ (losses) on financial instruments designated at fair value through profit or loss</td><td>(185,570)</td><td>482,884</td></tr>
<tr><td>Profit before income tax</td><td>6,658</td><td>10,151</td></tr>
<tr><td>Profit and total comprehensive income for the year/period</td><td>4,993</td><td>7,620</td></tr>
</table>

There has been no material adverse change in the prospects of MSBV since 31 December 2015, the date of the latest published annual audited accounts of MSBV.

Not applicable; there has been no significant change in the financial or trading position of the MSBV since 31 December 2015, the date of the latest published annual audited accounts of MSBV.
</td>
</tr>
<tr>
<td>B.13</td>
<td>Recent events materially relevant to evaluation of solvency of the Issuer:</td>
<td>Not Applicable.  MSBV considers that no event particular to itself and which is to a material extent relevant to the evaluation of its solvency has taken place since the publication of its last annual financial statements.</td>
</tr>
</table>

| | | |
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| B.14 | **Dependence upon other entities within the group:** | See Element B.5 for the group and the Issuer's position within the group.<br>MSBV is ultimately controlled by Morgan Stanley. All material assets of MSBV are obligations of one or more companies in the Morgan Stanley Group and MSBV's ability to perform its obligations is dependent upon such companies fulfilling their obligations to MSBV. |
| B.15 | **The Issuer's principal activities:** | MSBV's principal activity is the issuance of financial instruments and the hedging of obligations arising pursuant to such issuances. |
| B.16 | **Controlling persons:** | MSBV is ultimately controlled by Morgan Stanley. |
| B.18 | **Nature and scope of the Guarantee:** | The payment obligations of MSBV in respect of the Notes are unconditionally and irrevocably guaranteed by Morgan Stanley pursuant to a guarantee dated as of 17 July 2013 (the "Guarantee") which is governed by New York law. The Guarantor's obligations under the Guarantee constitute direct, general and unsecured obligations of the Guarantor which rank without preference among themselves and *pari passu* with all other outstanding, unsecured and unsubordinated obligations of the Guarantor, present and future, but in the event of insolvency only to the extent permitted by laws relating to creditors' rights. |
| B.19 | **Information about the Guarantor:** | Please see below in relation to the Guarantor. |
| B.19<br>(B.1) | **Legal name and commercial name of the Guarantor:** | Morgan Stanley |
| B.19<br>(B.2) | **Domicile and legal form of the Guarantor, the legislation under which the Guarantor operates and its country of incorporation:** | Morgan Stanley is incorporated under the laws of the State of Delaware. As a financial holding company, it is regulated by the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956, as amended. Morgan Stanley has its registered office in Delaware, U.S.A. |
| B.19<br>(B.4b) | **Trends:** | The business of Morgan Stanley in the past has been, and in the future may continue to be, materially affected by many factors, including: the effect of economic and political conditions and geopolitical events; sovereign risk; the effect of market conditions, particularly in the global equity, fixed income, currency, credit and commodities markets, including corporate and mortgage (commercial and residential) lending and commercial real estate markets and energy markets; the impact of current, pending and future legislation (including the Dodd-Frank Act), regulation (including capital, leverage, funding and liquidity requirements), policies (including fiscal and monetary), and legal and regulatory actions in the U.S. and worldwide; the level and volatility of equity, fixed income and commodity prices (including oil prices), interest rates, currency values and other market indices; the availability and cost of both credit and capital as well as the credit ratings assigned to Morgan Stanley's unsecured short-term and long-term debt; investor, consumer and business sentiment and confidence in the financial markets; the performance and results of Morgan Stanley's acquisitions, divestitures, joint ventures, strategic alliances or other strategic arrangements; Morgan Stanley's reputation and the general perception of the financial services industry; inflation, natural disasters, pandemics and acts of war or terrorism; the actions and initiatives of current and potential competitors as well as governments, regulators and self-regulatory organizations; the effectiveness of Morgan Stanley's risk management policies; technological changes instituted by Morgan Stanley, its competitors or counterparties and technological risks, including cybersecurity, business continuity products and services and execute its strategic objectives; or a combination of these or other factors. In addition, legislative, legal |

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| | | and regulatory developments related to Morgan Stanley's businesses are likely to increase costs, thereby affecting results of operations. |
| B.19<br>(B.5) | **The group and the Guarantor's position within the group:** | Morgan Stanley is the ultimate parent undertaking of the group comprising Morgan Stanley and its consolidated subsidiaries (the "**Morgan Stanley Group**"). |
| B.19<br>(B.9) | **Profit forecast:** | Not Applicable. Morgan Stanley does not provide profit forecasts. |
| B.19<br>(B.10) | **Audit report qualifications:** | Not Applicable. There are no qualifications in the auditor's reports on the financial statements of Morgan Stanley for the years ended 31 December 2014 and 31 December 2015, as contained in Morgan Stanley's Annual Report on Form 10-K for the year ended 31 December 2015. |
| B.19<br>(B.12) | | **Selected key financial information relating to Morgan Stanley**: |

| Consolidated Balance Sheet ($ *in millions*) | **31 December 2014** | **31 December 2015** | **At 31 March (unaudited)** | |
|---|---|---|---|---|
| | | | **2015** | **2016** |
| *Total assets* | 801,510 | 787,465 | 829,099 | 807,497 |
| *Total liabilities and equity* | 801,510 | 787,465 | 829,099 | 807,497 |

| Consolidated Income Statement ($ *in millions*) | **31 December 2014** | **31 December 2015** | **Three months ended 31 March (unaudited)** | |
|---|---|---|---|---|
| | | | **2015** | **2016** |
| *Net revenues* | 34,275 | 35,155 | 9,907 | 7,792 |
| *Income from continuing operations before income taxes* | 3,591 | 8,495 | 2,855 | 1,738 |
| *Net income* | 3,667 | 6,279 | 2,463 | 1,157 |

| | | |
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| | | There has been no material adverse change in the prospects of Morgan Stanley since 31 December 2015, the date of the latest published annual audited accounts of Morgan Stanley<br><br>Not applicable, there has been no significant change in the financial or trading position of Morgan Stanley since 31 March 2016, the date of the latest published interim (unaudited) financial statements of Morgan Stanley. |
| B.19<br><br>(B.13) | **Recent events materially relevant to evaluation of solvency of the Guarantor:** | Not Applicable. Morgan Stanley considers that no event particular to itself which is to a material extent relevant to the evaluation of its solvency has taken place since the publication of its last annual financial statements. |
| B.19<br><br>(B.14) | **Dependence upon other entities within the group:** | See Element B.19 (B.5) above for the group and the Guarantor's position within Morgan Stanley Group.<br><br>Morgan Stanley is a holding company and depends on payments from its subsidiaries to fund dividend payments and to fund all payments on its obligations, including debt obligations. |
| B.19<br><br>(B.15) | **The Guarantor's principal activities:** | Morgan Stanley, a financial holding company, is a global financial services firm that, through its subsidiaries and affiliates, provides a wide variety of products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals. It maintains significant market positions in each of its business segments — Institutional Securities, Wealth Management and Investment Management. |
| B.19<br><br>(B.16) | **Controlling Persons:** | Not applicable; Morgan Stanley is a publicly-held company listed on the New York Stock Exchange and not directly or indirectly owned or controlled by any individual shareholder or affiliated group of shareholders. |
| B.19<br><br>(B.17) | **Credit Rating:** | As of 15 December 2015, Morgan Stanley's short-term and long-term debt has been respectively rated (i) R-1 (middle) and A (high), with a stable outlook, by DBRS, (ii) F1 and A, with a stable outlook, by Fitch, (iii) P-2 and A3, with a stable outlook, by Moody's, (iv) a-1 and A-, with a stable outlook, by R&I and (v) A-2 and BBB+ with a stable outlook, by S&P. |
| | | Section C - The Notes |
| C.1 | **Type and class of the Notes and ISIN number:** | ISIN: XS1374816004<br><br>The Notes are not Notes in respect of which physical settlement may apply or may be elected to apply ("**Cash Settlement Notes**").<br><br>Interest is payable on the Notes at a fixed rate, as further described below ("**Fixed Rate Notes**").<br><br>Interest is payable on the Notes calculated by reference to the value or performance of an equity index ("**Equity-Linked Interest Notes**") |
| C.2 | **Currency of Issue:** | Notes are denominated in Euro (“**EUR**”). |

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| C.5 | **Restrictions on free transferability:** | The Notes cannot be offered or sold in the U.S. or to U.S. persons, nor held in the U.S. or by U.S. Persons at any time. The Notes may not be acquired or held by, or acquired with the assets of, any employee benefit plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), any individual retirement account or plan subject to Section 4975 of the United States Internal Revenue Code of 1986, or any entity whose underlying assets include "plan assets" within the meaning of Section 3(42) of ERISA by reason of any such employee benefit plan's account's or plan's investment therein.<br><br>**THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE IN THE UNITED STATES, AND ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED AT ANY TIME, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT).** |
| C.8 | **Rights attached to the Notes, Ranking and Limitations to those Rights:** | **Rights attached to the Notes:**<br><br>***Interest***: See Element C.9/C.18 below for interest payable in respect of the Notes.<br><br>***Redemption***: See Element C.9 below for the redemption amount payable on the Maturity Date.<br><br>***Governing Law***: The Notes will be governed by and construed in accordance with English law.<br><br>***Events of Default***: If an Event of Default occurs, the Notes may be redeemed prior to their Maturity Date at the Early Redemption Amount if the Noteholders of not less than 25% in aggregate principal amount of the Notes give written notice to the Issuer declaring the Notes to be immediately due and payable.<br><br>The Events of Default applicable to the Notes are as follows:<br><br>(1) non-payment by the Issuer or (if applicable) the Guarantor of any amount of principal (within 7 days of the due date) or any amount of interest (within 30 days of the due date) in respect of the Notes;<br><br>(2) default in the performance or observance by the Issuer or (if applicable) the Guarantor in respect of any of their other (non-payment) obligations under or in respect of the Notes and such default remains unremedied for 60 days (after written notice to the Issuer by Noteholders of not less than 25% in aggregate principal amount of the relevant Series); and<br><br>(3) the Issuer becomes insolvent or is unable to pay its debts as they fall due, or an administrator or liquidator is appointed in respect of the Issuer or the whole or a substantial part of its undertaking, assets and revenues (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent), or the Issuer takes any action for a composition with or for the benefit of its creditors generally, or an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent) and, in the case of Morgan Stanley as Issuer, such order or effective resolution has remained in force and has not been rescinded, revoked or set aside for sixty days after the date on which such order is made or effective resolution is passed.<br><br>**Status of the Notes**:<br><br>The Notes constitute direct and general obligations of the Issuer ranking *pari passu* among themselves.<br><br>**Limitations to the rights**:<br><br>***Prescription.*** Claims for principal and interest on redemption in respect of the |

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| | | Notes shall become void unless the relevant note certificates are surrendered for payment within ten years of the due date for payment. |
| C.9 | **Interest, Redemption and Representation:** | See Element C.8 above.<br><br>**Maturity Date**: 28 June 2024, subject to adjustment for non-business days.<br><br>**Final Redemption Amount**: 100% of Calculation Amount;<br><br>**Nominal Interest Rate**: 2.50%, payable on 30 June 2017; and<br><br>**Calculation Amount**: EUR 1,000.<br><br>***Yield***: The yield on the Notes is 2.50% of the Calculation Amount for the first year only and is calculated on the issue date based on the Issue Price. It is not an indication of future yield.<br><br>***Repayment procedure***: Payments of principal on the Notes shall be made by cheque drawn in the currency in which the payment is due, or upon application by a noteholder in advance of such payment, by transfer to an account of the noteholder held in the principal financial centre for the relevant currency. While in global form, payments in respect of the Notes shall be made against the presentation and surrender of the global note certificate at the specified office of or to the order of a paying agent.<br><br>***Representation***: Not applicable. No representatives of debt security holders are appointed. |
| C.11 | **Admission to Trading:** | Application has been made for Notes to be admitted to trading on the regulated market of the Irish Stock Exchange.<br><br>UniCredit Bank AG Milan Branch, the Manager of the Placement Network, will make an application, within 90 business days from the end of the Offer Period, for the Notes to be admitted to trading on EuroTLX. |
| C.15 | **How the value of the investment is affected by the Relevant Underlying (unless the securities have a denomination of at least EUR100,000):** | The market price or value of Notes at any time is expected to be affected by changes in the value of the Relevant Underlying to which the Notes are linked.<br><br>The interest amounts payable on the Notes are dependent on the value or performance of the Relevant Underlying reaching a threshold or barrier and a small increase or decrease in the value or performance of the Relevant Underlying near to the threshold or barrier may lead to a significant increase or decrease in the return of the Notes and Noteholders may receive no interest at all.<br><br>The interest amounts payable on the Notes are linked to the value or performance of the Relevant Underlying as of one or more predefined dates and, irrespective of the level of the Relevant Underlying between these dates, the values or performance of the Relevant Underlying on these dates will affect the value of the Notes more than any other factor.<br><br>The market price or value of the Notes at any time is expected to be affected by changes in the value of the Relevant Underlying to which the Notes are linked.<br><br>The market price or value of the Notes could, in certain circumstances, be affected by fluctuations in the actual or anticipated rates of dividend (if any) or any other distributions on the Relevant Underlying. |
| C.16 | **Expiration/ maturity date of the derivative securities – the exercise date/final reference date:** | Unless previously redeemed, each series of Notes will be redeemed on the applicable Maturity Date at their Final Redemption Amount. The value or performance of a Relevant Underlying will be determined as of the Determination Date. |
| C.17 | **Settlement procedure of the** | The Notes are Cash Settlement Notes and will be redeemed by the payment of the Final Redemption Amount. |

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| | **derivative securities:** | On the relevant date for redemption of the Notes, the Issuer shall pay the relevant redemption amount per Calculation Amount to the Noteholders through the relevant clearing systems, and such amounts shall be credited to the relevant Noteholders' respective accounts held either with such clearing systems or with a financial intermediary that is a member of such clearing systems. |
| C.18 | **How the return on the derivative securities takes place:** | Notes are not ordinary debt securities and the interest amount is linked to the performance of the index identified as the Relevant Underlying.<br><br>Relevant Underlying: EuroSTOXX Select Dividend 30 Index (Bloomberg Code SD3E <Index>)<br><br>Derivative component in interest payment:<br><br>The Notes are "**Linked Notes (Barrier Conditional Coupon)**". If, on an Interest Determination Date, the Determination Agent determines that the Knock-in Value is greater than or equal to the Coupon Barrier Value in respect of that Interest Determination Date, the Issuer will pay the Coupon Amount on the immediately succeeding Interest Payment Date. No interest will otherwise be paid by the Issuer. The Coupon Amount, if payable, will be an amount per Calculation Amount equal to the product of (i) the Coupon Rate and (ii) the Calculation Amount.<br><br>Where:<br><br>**Coupon Barrier Value**: 100 per cent. of Initial Reference Value.<br><br>**Coupon Rate**: 2.00 per cent.<br><br>**Initial Reference Value** is 100% of the Relevant Underlying Value as of the Strike Date.<br><br>**Strike Date**: 30 June 2016.<br><br>**Interest Determination Dates** means: 22 June 2018, 21 June 2019, 23 June 2020, 23 June 2021, 23 June 2022, 23 June 2023 and 21 June 2024.<br><br>**Interest Payment Dates** means 29 June 2018, 28 June 2019, 30 June 2020, 30 June 2021, 30 June 2022, 30 June 2023 and 28 June 2024.<br><br>**Knock-in Value** means the Relevant Underlying Value, determined according to the Value Determination Terms specified below.<br><br>**Relevant Underlying Value** is the value of the Relevant Underlying, determined according to the Value Determination Terms specified below.<br><br>**Value Determination Terms** for determining Initial Reference Value and Relevant Underlying Value: The Determination Agent will determine the value of the Relevant Underlying as of the time at which the official closing level of the Index is calculated and published by the Index Sponsor.<br><br>The following disruption events apply in relation to the Relevant Underlying: Change in Law / Hedging Disruption and Increased Cost of Hedging ("**Disruption Events**").<br><br>Disruption Events can affect the Relevant Underlying and lead to adjustments and/or early redemption of the Notes. The Determination Agent shall determine whether the Notes or any exchanges or price sources are affected by such events on a relevant date of valuation, and may make adjustments to the Notes, or take any other appropriate action, to account for relevant adjustments or events in relation to the Relevant Underlying. In addition, in certain circumstances, the Issuer may redeem or terminate the Notes early following any such event. In this case, in relation to each Note, the Issuer will pay an amount (which amount may, in certain circumstances, be the fair market value of the Notes which may be less than the nominal value or face value).<br><br>***Representation***: Not applicable. No representatives of debt security holders are appointed. |

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| | | See also Element C.15 above. |
| C.19 | **Exercise price/final reference price of the underlying:** | The Final Reference Value for the purpose of determining the performance of a Relevant Underlying will be determined by the Determination Agent by reference to level of an equity index. |
| C.20 | **Type of underlying and where information on the underlying can be found:** | The Notes are Equity-Linked Interest Notes "**Relevant Underlying**" means EuroSTOXX Select Dividend 30 Index (Bloomberg Code SD3E <Index>)<br><br>Information about the past and the further performance of the Relevant Underlying and its volatility can be obtained from: www.stoxx.com. |
| C.21 | **Indication of market where securities will be traded and for which prospectus has been published:** | Application has been made for Notes to be admitted to trading on the regulated market of the Irish Stock Exchange.<br><br>UniCredit Bank AG Milan Branch, the Manager of the Placement Network, will make an application, within 90 business days from the end of the Offer Period, for the Notes to be admitted to trading on EuroTLX. |
| | | Section D – Risks |
| D.2 | **Key Risks Specific to the Issuers:** | The following key risks affect Morgan Stanley and, since Morgan Stanley is the ultimate holding company of MSBV, also impact MSBV:<br><br>***Market Risk***: Morgan Stanley's results of operations may be materially affected by market fluctuations and by global and economic conditions and other factors. Holding large and concentrated positions may expose Morgan Stanley to losses. These factors may result in losses for a position or portfolio owned by Morgan Stanley.<br><br>***Credit Risk:*** Morgan Stanley is exposed to the risk that third parties that are indebted to it will not perform their obligations, as well as that a default by a large financial institution could adversely affect financial markets. Such factors give rise to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations to Morgan Stanley.<br><br>***Operational Risk:*** Morgan Stanley is subject to the risk of loss, or of damage to its reputation, resulting from inadequate or failed processes, people and systems or from external events (e.g. fraud, theft, legal and compliance risks, cyber attacks or damage to physical assets). Morgan Stanley may incur operational risk across the full scope of its business activities, including revenue-generating activities (e.g. sales and trading) and support and control groups (e.g. information technology and trade processing).<br><br>***Liquidity and Funding Risk:*** Liquidity is essential to Morgan Stanley's businesses and Morgan Stanley relies on external sources to finance a significant portion of its operations. Morgan Stanley's borrowing costs and access to the debt capital markets depend significantly on its credit ratings. Morgan Stanley is a holding company and depends on payments from its subsidiaries. Further, Morgan Stanley's liquidity and financial condition have in the past been, and in the future could be, adversely affected by U.S. and international markets and economic conditions. As a result of the foregoing, there is a risk that Morgan Stanley will be unable to finance its operations due to a loss of access to the capital markets or difficulty in liquidating its assets; or be unable to meet its financial obligations without experiencing significant business disruption or reputational damage that may threaten its viability as a going concern.<br><br>***Legal, Regulatory and Compliance Risk:*** Morgan Stanley is subject to the risk of legal or regulatory sanctions, material financial loss including fines, penalties, judgments, damages and/or settlements, or loss to reputation it may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards and codes of conduct applicable to its business activities. Morgan Stanley is also subject to contractual and commercial risk, such as the risk that a counterparty's performance obligations will be unenforceable. Additionally, Morgan Stanley is subject to anti-money laundering and terrorist financing rules |

| | | |
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| | | and regulations. Further, in today's environment of rapid and possibly transformational regulatory change, Morgan Stanley also views regulatory change as a component of legal, regulatory and compliance risk.<br><br>***Risk Management:*** Morgan Stanley's risk management strategies, models and processes may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk.<br><br>***Competitive Environment***: Morgan Stanley faces strong competition from other financial services firms, which could lead to pricing pressures that could materially adversely affect its revenue and profitability. Further, automated trading markets may adversely affect Morgan Stanley's business and may increase competition (for example, by putting increased pressure on bid-offer spreads, commissions, mark-ups or comparable fees). Finally, Morgan Stanley's ability to retain and attract qualified employees is critical to the success of its business and the failure to do so may materially adversely affect its performance.<br><br>***International Risk:*** Morgan Stanley is subject to numerous political, economic, legal, operational, franchise and other risks as a result of its international operations (including risks of possible nationalization, expropriation, price controls, capital controls, exchange controls, increased taxes and levies and other restrictive governmental actions, as well as the outbreak of hostilities or political and governmental instability) which could adversely impact its businesses in many ways.<br><br>***Acquisition, Divestiture and Joint Venture Risk:*** Morgan Stanley may be unable to fully capture the expected value from acquisitions, divestitures, joint ventures, minority stakes and strategic alliances.<br><br>***Risks relating to the exercise of potential resolution measures powers:*** The application of regulatory requirements and strategies in the United States to facilitate the orderly resolution of large financial institutions may pose a greater risk of loss for the holders of securities issued or guaranteed by Morgan Stanley.<br><br>All material assets of MSBV are obligations of one or more companies in the Morgan Stanley group and MSBV's ability to perform its obligations is dependent upon such companies fulfilling their obligations to MSBV. Should such companies prospects be impaired, holders of securities issued by MSBV may also be exposed to a risk of loss. |
| D.6 | **Key information on the key risks that are specific to the Notes and risk warning to the effect that investors may lose the value of their entire investment or part of it:** | The securities are subject to the following risks:<br><br>• THE NOTES ARE NOT BANK DEPOSITS AND ARE NOT INSURED BY THE U.S. FEDERAL DEPOSIT INSURANCE CORPORATION, THE UK FINANCIAL SERVICES COMPENSATION SCHEME, OR ANY OTHER GOVERNMENTAL AGENCY, NOR ARE THEY OBLIGATIONS OF, OR GUARANTEED BY, A BANK.<br>• Investors may receive no or a limited amount of interest<br>• Payments may occur at a different time than expected<br>• Any person intending to use the Notes as a hedge instrument should recognise that the Notes may not hedge exactly a Relevant Underlying or portfolio of which a Relevant Underlying forms a part.<br>• Secondary trading of the Notes may be limited. Further, if the Notes are traded via one or more electronic trading systems and these systems become partially or completely unavailable, this would affect the investor's ability to trade the Notes.<br>• Potential conflicts of interest may exist between the investor and the Determination Agent, who, under the terms of the Notes, may make such adjustments as it considers appropriate as a consequence of certain events affecting the Relevant Underlying, and in doing so, is entitled to exercise |

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| | | substantial discretion. |
| | | • Because the Global Note Certificates may be held by or on behalf of a clearing system investors will have to rely on such clearing system's procedures for transfer, payment and communication with the relevant Issuer.<br>• The terms and conditions applicable to the Notes permit defined majorities to bind all holders of the Notes, including those who did not attend and vote at the relevant meeting.<br>• The Issuer may enter into distribution agreements with various financial institutions and other intermediaries as determined by the Issuer, (i) to whom a periodic fee may be payable and (ii) who may sell the Notes to investors at a price different from the price at which they purchase the Notes.<br>• Notes may be redeemed early if the Issuer is obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes or such levies.<br>• If an event of default occurs in respect of the Issuer, investor would have an unsecured claim against the Issuer for the amount due on the early redemption of the Notes.<br>• An Issuer may amend the terms and condition of the Notes, and the deed of covenant dated 17 July 2013 (as amended or supplemented from time to time) in relation to, amongst others, the Notes, without Noteholder consent if, in its opinion, such amendments are not materially prejudicial to Noteholders.<br>• The market price of Notes may be very volatile. Further, investors in Notes may receive no interest and payment or payment of principal or interest, if applicable, may occur at a different time or in a different currency than expected. The Relevant Underlying may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices. The timing of changes in a Relevant Underlying may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Underlying the greater the effect on yield.<br>• It is impossible to predict how the level of the Relevant Underlying will vary over time. The historical performance value (if any) of the Relevant Underlying does not indicate the future performance of the Relevant Underlying. Factors such as volatility, distributions on the Relevant Underlying, interest rates, remaining term of the Notes or exchange rates will influence the price investors will receive if an investor sells its Notes prior to maturity.<br>• The Issuer's and/or its affiliates' hedging costs tend to be higher the less liquidity the Relevant Underlying has or the greater the difference between the "buy" and "sell" prices for the Relevant Underlying or derivatives contracts referenced to the Relevant Underlying, and this may impact payments on the Notes.<br>• The issuer of the Relevant Underlying will not be an affiliate of the Issuer, but the Issuer and its affiliates may presently or from time to time engage in business with such issuer of the Relevant Underlying.<br>• General exchange rate and exchange control risks, including the risk that exchange rates will affect an investment in the Notes, the risk of the Issuer's lack of any control over exchange rates and the risk that some currencies may become unavailable and of an alternative payment method used if the payment currency becomes unavailable.<br>• The Determination Agent may determine that a Disruption Event has occurred and such events can affect the Relevant Underlying and lead to |

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| | | adjustments and/or early redemption of the Notes.<br>• Indices are comprised of a synthetic portfolio of other assets, and its performance may be dependent on the performance of such assets. Returns on the Notes do not reflect a direct investment in underlying shares or other assets comprising the Index. A change in the composition or discontinuance of an Index could adversely affect the market value of the Notes. Notes are not sold or promoted by an Index or the sponsor of such Index. The Issuer or its affiliates are not liable for the actions or omissions of the sponsor of an Index, any information concerning an Index, the performance of such Index or use thereof in connection with the Notes.<br>• Payment of interest amounts on the Notes is conditional on the value or performance of the Relevant Underlying being greater than or equal to a specified barrier value, and if such condition (a "**barrier condition**") is not satisfied, then the amount of interest payable will be zero. An investment in the Notes bears the risk that the Issuer is not able to fulfil its obligations in respect of such Notes at maturity or before maturity of the Notes. In certain circumstances holders may lose all or a substantial portion of their principal or investment.<br>***WARNING: INVESTORS IN NOTES CONSTITUTING DERIVATIVE SECURITIES UNDER REGULATION EC/809/2004, AS AMENDED, MAY LOSE THE VALUE OF THEIR ENTIRE INVESTMENT, OR PART OF IT***.] |
| | | Section E - Offer |
| E.2b | **Reasons for the Offer and Use of Proceeds:** | The net proceeds of each issue of Notes will be used by the relevant Issuer for general corporate purposes and in connection with hedging its obligations under the Notes. |
| E.3 | **Terms and Conditions of the Offer:** | ***Conditions, offer statistics, expected timetable and action required to apply for the offer***<br>The Offer Period is the period from, and including, 1 June 2016 to, and including 27 June 2016, the period from, and including, 1 June 2016 to, and including 20 June 2016 for the Notes that will be offered by means of "door-to-door selling" and the period from, and including, 1 June 2016 to, and including 13 June 2016 for the Notes that will be offered by means of "online selling".<br>Description of the application process: Pursuant to Article 30, paragraph 6, of the Italian Financial Services Act ("TUF"), in relation to Notes placed in Italy "door-to-door", investors have the right to withdraw from the subscription during seven days from the date of the subscription without any charge or fee, by means of notification to the Distributor; and, pursuant to art. 67-duodecies of the Italian Consumer Code, in relation to Notes placed in Italy via "online selling", investors have the right to withdraw from the subscription during fourteen days from the date of the subscription without any charge or fee, by means of notification to the Distributor.<br>The Notes are being offered in Italy.<br>***Placing and Underwriting***<br>Dealer: Morgan Stanley & Co. International plc, 25 Cabot Square, London E14 4QA. Morgan Stanley & Co. International plc is also the intermediary responsible for the placement of the Securities ("**Responsabile del Collocamento**"), as defined in article 93-bis of the Italian Legislative Decree 24 February 1998, n. 58 (as subsequently amended and supplemented).<br>Distributor: UniCredit S.p.A Via Alessandro Specchi, 16, 00186 Rome, Italy (the "**Distributor**") will be the sole placer of the Notes for the Dealer.<br>Manager of the Placement Network: UniCredit Bank AG Milan of Piazza Gae |

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| | | Aulenti, 20154 Milan, Italy will act as Direttore del Consorzio di Collocamento ("**Manager of the Placement Network")**.<br><br>Paying Agent: The Bank of New York Mellon, One Canada Square, London E14 5AL<br><br>Determination Agent: Morgan Stanley & Co. International plc. |
| E.4 | **Interests Material to the Issue:** | Subject to potential conflicts between the investor and the Determination Agent, or when MSI plc and other affiliates or subsidiaries of Morgan Stanley carrying out hedging activities or trades, each of Morgan Stanley and MSBV do not have interests material to the issue. |
| E.7 | **Estimated Expenses charged to the investor by the Issuer or the offeror:** | Not applicable. There are no estimated expenses charged to the investor by the Issuer or the Authorised Offeror. |